

2007 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB40)

Received: **06/15/2007**

Received By: **jkreye**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau**

By/Representing: **Shanovich (RR)**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - crp inc, fran**

Extra Copies:

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Carbon copy (CC:) to: **joseph.kreye@legis.wisconsin.gov**

Pre Topic:

LFB:.....Shanovich (RR) -

Topic:

Real estate investment trusts and regulated investment companies

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 06/15/2007	lkunkel 06/18/2007		_____			
/1			jfrantze 06/18/2007	_____	lparisi 06/18/2007		

FE Sent For:

<END>

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/?	jkreye	1/mk4/18	J 6/18	J/SK 6/18			

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<END>

**Drafting Instructions:
Anti-Abuse Provisions for Captive REITs and RICs**

1. Create the following definitions in sec. 71.22, Stats.:
 - a. "Qualified real estate investment trust" means a real estate investment trust other than a real estate investment trust more than 50 percent of the voting power or value of the beneficial interests or shares of which are owned or controlled, directly or indirectly by a single entity that is subject to sections 301 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26(1), and that is not a real estate investment trust as defined in [c below] or a qualified real estate trust subsidiary under section 856(i) of the Internal Revenue Code.
 - b. "Qualified regulated investment company" means a regulated investment company other than a regulated investment company more than 50 percent of the voting power or value of the beneficial interests or shares of which are owned or controlled, directly or indirectly by a single entity that is subject to sections 301 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26(1), and that is not a regulated investment company as defined in [e below].
 - c. "Real estate investment trust" has the meaning given under section 856 of the Internal Revenue Code.
 - d. "Real estate mortgage investment conduit" has the meaning given under section 860D of the Internal Revenue Code.
 - e. "Regulated investment company" has the meaning given under section 851 of the Internal Revenue Code.
2. Amend each of the paragraphs under sec. 71.22(4) by deleting the reference to s. 71.26(2)(b).
3. Repeal and recreate sec. 71.26(2)(b) to read as follows:

(b) Regulated investment companies, real estate investment trusts, and real estate mortgage investment conduits. 1. Except as provided in subds. 2. to 4., "net income" means one of the following:

 - a. That part of the federal regulated investment company income that is subject to federal tax as provided in sections 851 and 852 of the Internal Revenue Code, including federal undistributed net capital gain.
 - b. That part of the federal real estate investment trust income that is subject to federal tax as provided in sections 856 and 857 of the Internal Revenue Code, including federal undistributed net capital gain, federal net income from foreclosure property, and federal net income derived from prohibited transactions. The treatment of certain wholly owned subsidiaries under section 856(i) of the Internal Revenue Code shall apply in computing the net income of a real estate investment trust.

c. That part of the federal real estate mortgage investment conduit income that is subject to federal tax, including federal net income derived from prohibited transactions under section 860F of the Internal Revenue Code and federal net income from foreclosure property under section 860G of the Internal Revenue Code.

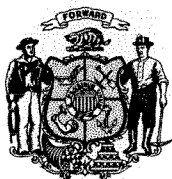
2. Property that, under s. 71.02(1)(c)8. to 11. 1985, stats., is required to be depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as amended to December 31, 1980, shall continue to be depreciated under the Internal Revenue Code as amended to December 31, 1980.

3. The appropriate amount shall be added or subtracted to reflect differences between the depreciation or adjusted basis for federal income tax purposes and the depreciation or adjusted basis under this chapter of any property disposed of during the taxable year.

4. The dividend paid deduction otherwise allowed by federal law in computing net income of a real estate investment trust that is subject to federal income tax shall be added back in computing the tax imposed under this chapter unless the real estate investment trust is a qualified real estate investment trust as defined in s. 71.22 [1.a. above].

5. The dividend paid deduction otherwise allowed by federal law in computing net income of a regulated investment company that is subject to federal income tax shall be added back in computing the tax imposed under this chapter unless the regulated investment company is a qualified regulated investment company as defined in s. 71.22 [1.b. above].

4. Initial applicability: Taxable years beginning on January 1, 2007.



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0343/?

JK:.....

RM ^{lmk} with R

LFB:.....Shanovich(RR) - Real estate investment trusts and regulated investment companies

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

in 6-15-07

1 At the locations indicated, amend the substitute amendment as follows:

2 1. Page 889, line 1: delete "(2) (b) and" and substitute "~~(2) (b) and~~". ✓

3 2. Page 891, line 10: delete "(2) (b) and" and substitute "~~(2) (b) and~~". ✓

4 3. Page 894, line 6: delete "(2) (b) and" and substitute "~~(2) (b) and~~". ✓

5 4. Page 896, line 21: delete "(2) (b) and" and substitute "~~(2) (b) and~~". ✓

6 5. Page 899, line 9: delete "(2) (b) and" and substitute "~~(2) (b) and~~". ✓

7 6. Page 901, line 19: delete "(2) (b) and". ✓

8 7. Page 903, line 21: delete "(2) (b) and". ✓

9 8. Page 922, line 2: after that line insert: **Insert A**

1 **9.** Page 923, line 22: delete the material beginning with that line and ending
2 on page 962, line 14 and substitute: **Insert B**

3 **10.** Page 1662, line 2: after that line insert:

4 “(5d) REAL ESTATE INVESTMENT TRUST; REGULATED INVESTMENT COMPANY. The
5 treatment of section 71.26 (2) (b) of the statutes first applies to taxable years
6 beginning on July 1, 2007.”.

7 (END)

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

1 **AN ACT** *to amend* 71.22 (4) (L), 71.22 (4) (m), 71.22 (4) (n), 71.22 (4) (o), 71.22 (4)
2 (p), 71.22 (4) (q) and 71.22 (4) (r); **to repeal and recreate** 71.26 (2) (b); and **to**
3 **create** 71.22 (9a), 71.22 (9b), 71.22 (9c), 71.22 (9d) and 71.22 (9e) of the statutes;
4 **relating to:** income and franchise taxes imposed on real estate investment
5 trusts and regulated investment companies.

Analysis by the Legislative Reference Bureau

This bill disallows certain deductions, for income and franchise tax purposes, for amounts paid to a real estate investment trust if, generally, more than 50 percent of the voting power or value of the beneficial interests or shares of the trust are owned or controlled by a single entity that is not a real estate investment trust or otherwise exempt from state income and franchise taxes. The bill also disallows certain deductions for amounts paid to a regulated investment company if, generally, more than 50 percent of the voting power or value of the beneficial interests or shares of the company are owned or controlled by a single entity that is not a regulated investment company or otherwise exempt from state income and franchise taxes.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 71.22 (4) (L) of the statutes is amended to read:

2 71.22 (4) (L) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
3 (1g) and 71.42 (2), “Internal Revenue Code”, for taxable years that begin after
4 December 31, 1996, and before January 1, 1998, means the federal Internal
5 Revenue Code as amended to December 31, 1996, excluding sections 103, 104, and
6 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
7 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188,
8 and as amended by P.L. 105-33, P.L. 105-34, P.L. 105-206, P.L. 105-277, P.L.
9 106-36, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16,
10 excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections
11 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 108-121, excluding section 109 of P.L.
12 108-121, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L.
13 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910
14 of P.L. 108-357, and as indirectly affected in the provisions applicable to this
15 subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2)
16 (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008
17 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L.
18 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L.
19 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d),
20 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L.
21 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605
22 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L.
23 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-554, excluding sections 162 and 165 of
24 P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L.
25 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 108-121,

1 excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308,
2 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244,
3 336, 337, 909, and 910 of P.L. 108-357. The Internal Revenue Code applies for
4 Wisconsin purposes at the same time as for federal purposes. Amendments to the
5 federal Internal Revenue Code enacted after December 31, 1996, do not apply to this
6 paragraph with respect to taxable years beginning after December 31, 1996, and
7 before January 1, 1998, except that changes to the Internal Revenue Code made by
8 P.L. 105-33, P.L. 105-34, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-554,
9 excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431
10 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L.
11 107-147, P.L. 107-181, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L.
12 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L.
13 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357,
14 and changes that indirectly affect the provisions applicable to this subchapter made
15 by P.L. 105-33, P.L. 105-34, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-554,
16 excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431
17 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L.
18 107-147, P.L. 107-181, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L.
19 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L.
20 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357,
21 apply for Wisconsin purposes at the same time as for federal purposes.

22 **SECTION 2.** 71.22 (4) (m) of the statutes is amended to read:

23 71.22 (4) (m) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
24 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after
25 December 31, 1997, and before January 1, 1999, means the federal Internal

Revenue Code as amended to December 31, 1997, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as amended by P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357.

The Internal Revenue Code applies for Wisconsin purposes at the same time as for

1 federal purposes. Amendments to the federal Internal Revenue Code enacted after
2 December 31, 1997, do not apply to this paragraph with respect to taxable years
3 beginning after December 31, 1997, and before January 1, 1999, except that
4 changes to the Internal Revenue Code made by P.L. 105-178, P.L. 105-206, P.L.
5 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-554, excluding sections 162 and 165 of
6 P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L.
7 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 108-121,
8 excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308,
9 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244,
10 336, 337, 909, and 910 of P.L. 108-357, and changes that indirectly affect the
11 provisions applicable to this subchapter made by P.L. 105-178, P.L. 105-206, P.L.
12 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-554, excluding sections 162 and 165 of
13 P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L.
14 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 108-121,
15 excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308,
16 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244,
17 336, 337, 909, and 910 of P.L. 108-357, apply for Wisconsin purposes at the same time
18 as for federal purposes.

19 **SECTION 3.** 71.22 (4) (n) of the statutes is amended to read:

20 71.22 (4) (n) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
21 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after
22 December 31, 1998, and before January 1, 2000, means the federal Internal
23 Revenue Code as amended to December 31, 1998, excluding sections 103, 104, and
24 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L.
25 103-66 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188,

and as amended by P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 1998, do not apply to this paragraph with respect to taxable years beginning after December 31, 1998, and before January 1, 2000,

1 except that changes to the Internal Revenue Code made by P.L. 106-36, P.L.
2 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554,
3 P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147,
4 excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-276, P.L.
5 108-121, excluding section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306,
6 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101,
7 201, 244, 336, 337, 909, and 910 of P.L. 108-357, and changes that indirectly affect
8 the provisions applicable to this subchapter made by P.L. 106-36, P.L. 106-170, P.L.
9 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-16,
10 excluding section 431 of P.L. 107-16, P.L. 107-134, P.L. 107-147, excluding sections
11 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-276, P.L. 108-121, excluding
12 section 109 of P.L. 108-121, P.L. 108-311, excluding sections 306, 307, 308, 401, and
13 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337,
14 909, and 910 of P.L. 108-357, apply for Wisconsin purposes at the same time as for
15 federal purposes.

16 **SECTION 4.** 71.22 (4) (o) of the statutes is amended to read:

17 71.22 (4) (o) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
18 (1g) and 71.42 (2), "Internal Revenue Code", for taxable years that begin after
19 December 31, 1999, and before January 1, 2003, means the federal Internal Revenue
20 Code as amended to December 31, 1999, excluding sections 103, 104, and 110 of P.L.
21 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66
22 and sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, and as
23 amended by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L.
24 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22,
25 P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L.

1 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27,
2 excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section
3 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308,
4 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244,
5 336, 337, 909, and 910 of P.L. 108-357, and as indirectly affected in the provisions
6 applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding
7 sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514
8 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L.
9 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L.
10 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150
11 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L.
12 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f),
13 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L.
14 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L.
15 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15,
16 P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L.
17 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181,
18 P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201,
19 and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L.
20 108-218, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L.
21 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910
22 of P.L. 108-357. The Internal Revenue Code applies for Wisconsin purposes at the
23 same time as for federal purposes. Amendments to the federal Internal Revenue
24 Code enacted after December 31, 1999, do not apply to this paragraph with respect
25 to taxable years beginning after December 31, 1999, and before January 1, 2003,

except that changes to the Internal Revenue Code made by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, and changes that indirectly affect the provisions applicable to this subchapter made by P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding sections 101 and 406 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, and P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, apply for Wisconsin purposes at the same time as for federal purposes.

SECTION 5. 71.22 (4) (p) of the statutes is amended to read:

71.22 (4) (p) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after December 31, 2002, and before January 1, 2004, means the federal Internal Revenue Code as amended to December 31, 2002, excluding sections 103, 104, and 110 of P.L. 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,

sections 162 and 165 of P.L. 106–554, P.L. 106–573, section 431 of P.L. 107–16, and section 101 of P.L. 107–147, and as amended by P.L. 108–27, excluding sections 106, 201, and 202 of P.L. 108–27, P.L. 108–121, excluding section 109 of P.L. 108–121, P.L. 108–173, excluding section 1201 of P.L. 108–173, P.L. 108–203, P.L. 108–218, P.L. 108–311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108–357, and P.L. 108–375, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203, P.L. 100–647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L. 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L. 103–296, P.L. 103–337, P.L. 103–465, P.L. 104–7, P.L. 104–188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, P.L. 104–191, P.L. 104–193, P.L. 105–33, P.L. 105–34, P.L. 105–178, P.L. 105–206, P.L. 105–277, P.L. 106–36, P.L. 106–170, P.L. 106–230, P.L. 106–554, excluding sections 162 and 165 of P.L. 106–554, P.L. 107–15, P.L. 107–16, excluding section 431 of P.L. 107–16, P.L. 107–22, P.L. 107–116, P.L. 107–134, P.L. 107–147, excluding section 101 of P.L. 107–147, P.L. 107–181, P.L. 107–210, P.L. 107–276, P.L. 107–358, P.L. 108–27, excluding sections 106, 201, and 202 of P.L. 108–27, P.L. 108–121, excluding section 109 of P.L. 108–121, P.L. 108–173, excluding section 1201 of P.L. 108–173, P.L. 108–203, P.L. 108–218, P.L. 108–311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108–357, and P.L. 108–375. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal

1 purposes. Amendments to the federal Internal Revenue Code enacted after
2 December 31, 2002, do not apply to this paragraph with respect to taxable years
3 beginning after December 31, 2002, and before January 1, 2004, except that changes
4 to the Internal Revenue Code made by P.L. 108-27, excluding sections 106, 201, and
5 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-173,
6 excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311,
7 excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, P.L. 108-357,
8 excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, and P.L.
9 108-375, and changes that indirectly affect the provisions applicable to this
10 subchapter made by P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27,
11 P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-173, excluding section
12 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections
13 306, 307, 308, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101,
14 201, 244, 336, 337, 909, and 910 of P.L. 108-357, and P.L. 108-375, apply for
15 Wisconsin purposes at the same time as for federal purposes.

16 **SECTION 6.** 71.22 (4) (q) of the statutes is amended to read:

17 71.22 (4) (q) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
18 (1g), and 71.42 (2), "Internal Revenue Code," for taxable years that begin after
19 December 31, 2003, and before January 1, 2005, means the federal Internal Revenue
20 Code as amended to December 31, 2003, excluding sections 103, 104, and 110 of P.L.
21 102-227, sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66,
22 sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 106-519,
23 sections 162 and 165 of P.L. 106-554, P.L. 106-573, section 431 of P.L. 107-16, section
24 101 of P.L. 107-147, sections 106, 201, and 202 of P.L. 108-27, section 109 of P.L.
25 108-121, and section 1201 of P.L. 108-173, and as amended by P.L. 108-203, P.L.

108-218, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, P.L. 108-375, and P.L. 108-476, and as indirectly affected in the provisions applicable to this subchapter by P.L. 99-514, P.L. 100-203, P.L. 100-647 excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823 (c) (2) of P.L. 99-514 and section 1008 (g) (5) of P.L. 100-647, P.L. 101-73, P.L. 101-140, P.L. 101-179, P.L. 101-239, P.L. 101-508, P.L. 102-227, excluding sections 103, 104, and 110 of P.L. 102-227, P.L. 102-318, P.L. 102-486, P.L. 103-66, excluding sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103-66, P.L. 103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding section 101 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, excluding section 109 of P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, P.L. 108-375, and P.L. 108-476. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2003, do not apply to this paragraph with respect to taxable years beginning after December 31, 2003, and before January 1, 2005, except that changes to the Internal Revenue Code made by

1 P.L. 108–203, P.L. 108–218, P.L. 108–311, excluding sections 306, 307, 308, 401, and
2 403 (a) of P.L. 108–311, P.L. 108–357, excluding sections 101, 201, 244, 336, 337, 909,
3 and 910 of P.L. 108–357, P.L. 108–375, and P.L. 108–476, and changes that indirectly
4 affect the provisions applicable to this subchapter made by P.L. 108–203, P.L.
5 108–218, P.L. 108–311, excluding sections 306, 307, 308, 401, and 403 (a) of P.L.
6 108–311, P.L. 108–357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of
7 P.L. 108–357, P.L. 108–375, and P.L. 108–476, apply for Wisconsin purposes at the
8 same time as for federal purposes.

9 **SECTION 7.** 71.22 (4) (r) of the statutes is amended to read:

10 71.22 (4) (r) Except as provided in sub. (4m) and ss. 71.26 (2) (b) and (3), 71.34
11 (1g), and 71.42 (2), “Internal Revenue Code,” for taxable years that begin after
12 December 31, 2004, means the federal Internal Revenue Code as amended to
13 December 31, 2004, excluding sections 103, 104, and 110 of P.L. 102–227, sections
14 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, sections 1123 (b),
15 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104–188, sections 1, 3, 4, and 5 of P.L.
16 106–519, sections 162 and 165 of P.L. 106–554, P.L. 106–573, section 431 of P.L.
17 107–16, section 101 of P.L. 107–147, sections 106, 201, and 202 of P.L. 108–27, section
18 1201 of P.L. 108–173, sections 306, 308, 401, and 403 (a) of P.L. 108–311, and sections
19 101, 201, 244, 336, 337, 909, and 910 of P.L. 108–357, and as indirectly affected in
20 the provisions applicable to this subchapter by P.L. 99–514, P.L. 100–203, P.L.
21 100–647, excluding sections 803 (d) (2) (B), 805 (d) (2), 812 (c) (2), 821 (b) (2), and 823
22 (c) (2) of P.L. 99–514 and section 1008 (g) (5) of P.L. 100–647, P.L. 101–73, P.L.
23 101–140, P.L. 101–179, P.L. 101–239, P.L. 101–508, P.L. 102–227, excluding sections
24 103, 104, and 110 of P.L. 102–227, P.L. 102–318, P.L. 102–486, P.L. 103–66, excluding
25 sections 13113, 13150 (d), 13171 (d), 13174, and 13203 (d) of P.L. 103–66, P.L.

103-296, P.L. 103-337, P.L. 103-465, P.L. 104-7, P.L. 104-188, excluding sections 1123 (b), 1202 (c), 1204 (f), 1311, and 1605 (d) of P.L. 104-188, P.L. 104-191, P.L. 104-193, P.L. 105-33, P.L. 105-34, P.L. 105-178, P.L. 105-206, P.L. 105-277, P.L. 106-36, P.L. 106-170, P.L. 106-230, P.L. 106-554, excluding sections 162 and 165 of P.L. 106-554, P.L. 107-15, P.L. 107-16, excluding section 431 of P.L. 107-16, P.L. 107-22, P.L. 107-116, P.L. 107-134, P.L. 107-147, excluding section 101 of P.L. 107-147, P.L. 107-181, P.L. 107-210, P.L. 107-276, P.L. 107-358, P.L. 108-27, excluding sections 106, 201, and 202 of P.L. 108-27, P.L. 108-121, P.L. 108-173, excluding section 1201 of P.L. 108-173, P.L. 108-203, P.L. 108-218, P.L. 108-311, excluding sections 306, 308, 401, and 403 (a) of P.L. 108-311, P.L. 108-357, excluding sections 101, 201, 244, 336, 337, 909, and 910 of P.L. 108-357, P.L. 108-375, and P.L. 108-476. The Internal Revenue Code applies for Wisconsin purposes at the same time as for federal purposes. Amendments to the federal Internal Revenue Code enacted after December 31, 2004, do not apply to this paragraph with respect to taxable years beginning after December 31, 2004.

SECTION 8. 71.22 (9a) of the statutes is created to read:

2017 d-10
71.22 (9a) "Qualified real estate investment trust" means a real estate investment trust, except a real estate investment trust of which more than 50 percent of the voting power or value of the beneficial interests or shares are owned or controlled, directly or indirectly, by a single entity that is subject to sections 301 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that is not a real estate investment trust or a qualified real estate trust subsidiary under section 856 (i) of the Internal Revenue Code.

SECTION 9. 71.22 (9b) of the statutes is created to read:

INSERT
A

2017 e-10

INSERT A

1 71.22 (9b) “Qualified regulated investment company” means a regulated
2 investment company, except a regulated investment company of which more than 50
3 percent of the voting power or value of the beneficial interests or shares are owned
4 or controlled, directly or indirectly, by a single entity that is subject to sections 301
5 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that
6 is not a regulated investment company.

7 ^{2017f 18} SECTION 10. 71.22 (9c) of the statutes is created to read:

8 71.22 (9c) “Real estate investment trust” means a real estate investment trust
9 under section 856 of the Internal Revenue Code.

10 ^{2017g} SECTION 11. 71.22 (9d) of the statutes is created to read:

11 71.22 (9d) “Real estate mortgage investment conduit” means a real estate
12 mortgage investment conduit under section 860D of the Internal Revenue Code.

13 ^{2017h} SECTION 12. 71.22 (9e) of the statutes is created to read:

14 71.22 (9e) “Regulated investment company” means a regulated investment
15 company under section 851 of the Internal Revenue Code. ⁶

end of
Insert
A

16 ^{2023d 18} SECTION 13. 71.26 (2) (b) of the statutes is repealed and recreated to read:

17 71.26 (2) (b) *Regulated investment companies, real estate investment trusts,*
18 *and real estate mortgage investment conduits.* 1. In this paragraph, except as
19 provided in subds. 2. to 4., “net income” means one of the following:

20 a. That part of the federal regulated investment company income that is subject
21 to federal tax as provided in sections 851 and 852 of the Internal Revenue Code,
22 including federal undistributed net capital gain.

23 b. That part of the federal real estate investment trust income that is subject
24 to federal tax as provided in sections 856 and 857 of the Internal Revenue Code,
25 including federal undistributed net capital gain, federal net income from foreclosure

INSERT
B

>

1 property, and federal net income derived from prohibited transactions. The
2 treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal
3 Revenue Code shall apply in computing the net income of a real estate investment
4 trust.

5 c. That part of the federal real estate mortgage investment conduit income that
6 is subject to federal tax, including federal net income derived from prohibited
7 transactions under section 860F of the Internal Revenue Code and federal net
8 income from foreclosure property under section 860G of the Internal Revenue Code.

9 2. Property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be
10 depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as
11 amended to December 31, 1980, shall continue to be depreciated under the Internal
12 Revenue Code as amended to December 31, 1980.

13 3. With regard to federal regulated investment company income, federal real
14 estate investment trust income, and federal real estate mortgage investment conduit
15 income, the appropriate amount shall be added or subtracted to reflect differences
16 between the depreciation or adjusted basis for federal income tax purposes and the
17 depreciation or adjusted basis under this chapter of any property disposed of during
18 the taxable year.

19 4. The dividend paid deduction otherwise allowed by federal law in computing
20 net income of a real estate investment trust that is subject to federal income tax shall
21 be added back in computing the tax imposed under this chapter unless the real estate
22 investment trust is a qualified real estate investment trust.

23 5. The dividend paid deduction otherwise allowed by federal law in computing
24 net income of a regulated investment company that is subject to federal income tax

1 shall be added back in computing the tax imposed under this chapter unless the
2 regulated investment company is a qualified regulated investment company. 50

3 **SECTION 14. Initial applicability.**

4 (1) This act first applies to taxable years beginning on January 1 of the year
5 in which this subsection takes effect, except that if this subsection takes effect after
6 July 31 this act first applies to taxable years beginning on January 1 of the year
7 following the year in which this subsection takes effect.

8 (END)



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBb0343/1
JK:lmk:jf

LFB:.....Shanovich (RR) - Real estate investment trusts and regulated investment companies

FOR 2007-09 BUDGET -- NOT READY FOR INTRODUCTION

SENATE AMENDMENT ,

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2007 SENATE BILL 40

- 1 At the locations indicated, amend the substitute amendment as follows:
- 2 **1.** Page 889, line 1: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 3 **2.** Page 891, line 10: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 4 **3.** Page 894, line 6: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 5 **4.** Page 896, line 21: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 6 **5.** Page 899, line 9: delete "(2) (b) and" and substitute "~~(2) (b) and~~".
- 7 **6.** Page 901, line 19: delete "(2) (b) and".
- 8 **7.** Page 903, line 21: delete "(2) (b) and".
- 9 **8.** Page 922, line 2: after that line insert:

1 **“SECTION 2017d.** 71.22 (9a) of the statutes is created to read:

2 71.22 (9a) “Qualified real estate investment trust” means a real estate
3 investment trust, except a real estate investment trust of which more than 50
4 percent of the voting power or value of the beneficial interests or shares are owned
5 or controlled, directly or indirectly, by a single entity that is subject to sections 301
6 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that
7 is not a real estate investment trust or a qualified real estate trust subsidiary under
8 section 856 (i) of the Internal Revenue Code.

9 **SECTION 2017e.** 71.22 (9b) of the statutes is created to read:

10 71.22 (9b) “Qualified regulated investment company” means a regulated
11 investment company, except a regulated investment company of which more than 50
12 percent of the voting power or value of the beneficial interests or shares are owned
13 or controlled, directly or indirectly, by a single entity that is subject to sections 301
14 to 385 of the Internal Revenue Code, that is not exempt under s. 71.26 (1), and that
15 is not a regulated investment company.

16 **SECTION 2017f.** 71.22 (9c) of the statutes is created to read:

17 71.22 (9c) “Real estate investment trust” means a real estate investment trust
18 under section 856 of the Internal Revenue Code.

19 **SECTION 2017g.** 71.22 (9d) of the statutes is created to read:

20 71.22 (9d) “Real estate mortgage investment conduit” means a real estate
21 mortgage investment conduit under section 860D of the Internal Revenue Code.

22 **SECTION 2017h.** 71.22 (9e) of the statutes is created to read:

23 71.22 (9e) “Regulated investment company” means a regulated investment
24 company under section 851 of the Internal Revenue Code.”.

1 **9.** Page 923, line 22: delete the material beginning with that line and ending
2 on page 962, line 14, and substitute:

3 “**SECTION 2023d.** 71.26 (2) (b) of the statutes is repealed and recreated to read:

4 71.26 (2) (b) *Regulated investment companies, real estate investment trusts,*
5 *and real estate mortgage investment conduits.* 1. In this paragraph, except as
6 provided in subds. 2. to 4., “net income” means one of the following:

7 a. That part of the federal regulated investment company income that is subject
8 to federal tax as provided in sections 851 and 852 of the Internal Revenue Code,
9 including federal undistributed net capital gain.

10 b. That part of the federal real estate investment trust income that is subject
11 to federal tax as provided in sections 856 and 857 of the Internal Revenue Code,
12 including federal undistributed net capital gain, federal net income from foreclosure
13 property, and federal net income derived from prohibited transactions. The
14 treatment of certain wholly owned subsidiaries under section 856 (i) of the Internal
15 Revenue Code shall apply in computing the net income of a real estate investment
16 trust.

17 c. That part of the federal real estate mortgage investment conduit income that
18 is subject to federal tax, including federal net income derived from prohibited
19 transactions under section 860F of the Internal Revenue Code and federal net
20 income from foreclosure property under section 860G of the Internal Revenue Code.

21 2. Property that, under s. 71.02 (1) (c) 8. to 11., 1985 stats., is required to be
22 depreciated for taxable years 1983 to 1986 under the Internal Revenue Code as
23 amended to December 31, 1980, shall continue to be depreciated under the Internal
24 Revenue Code as amended to December 31, 1980.

3. With regard to federal regulated investment company income, federal real estate investment trust income, and federal real estate mortgage investment conduit income, the appropriate amount shall be added or subtracted to reflect differences between the depreciation or adjusted basis for federal income tax purposes and the depreciation or adjusted basis under this chapter of any property disposed of during the taxable year.

4. The dividend paid deduction otherwise allowed by federal law in computing net income of a real estate investment trust that is subject to federal income tax shall be added back in computing the tax imposed under this chapter unless the real estate investment trust is a qualified real estate investment trust.

5. The dividend paid deduction otherwise allowed by federal law in computing net income of a regulated investment company that is subject to federal income tax shall be added back in computing the tax imposed under this chapter unless the regulated investment company is a qualified regulated investment company.”.

10. Page 1662, line 2: after that line insert:

“(5t) REAL ESTATE INVESTMENT TRUST; REGULATED INVESTMENT COMPANY. The treatment of section 71.26 (2) (b) of the statutes first applies to taxable years beginning on July 1, 2007.”.

(END)